

GAO

Report to the Chairman, Subcommittee
on Oversight of Government
Management, Restructuring, and the
District of Columbia, Committee on
Governmental Affairs, U.S. Senate

August 2000

CONFIRMATION OF POLITICAL APPOINTEES

Eliciting Nominees' Views on Leadership and Management Issues



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United States General Accounting Office
Washington, D.C. 20548

B-284958

August 11, 2000

The Honorable George V. Voinovich
Chairman, Subcommittee on Oversight of
Government Management, Restructuring,
and the District of Columbia
Committee on Governmental Affairs
United States Senate

Dear Mr. Chairman:

On February 17, 2000, you wrote to us regarding your concern that some political appointees in the executive branch lack the requisite leadership and management skills and background to successfully address the challenges facing federal agencies. You asked that we suggest questions to assist the Senate in its constitutional role of confirming nominees, to help ensure that future political appointees have the requisite skills to be results-oriented leaders and managers. Appendix I of this letter transmits those questions.

The questions cover the following four categories:

- results-oriented decisionmaking,
- financial management,
- information and technology management, and
- human capital management.

During the 1990s, Congress responded to long-standing shortcomings in the way federal agencies were managed by creating a framework for more results-oriented management. The three major areas addressed by the reforms were results-oriented decisionmaking, financial management, and information technology management. No consensus has yet emerged to address what some see as the major remaining gap in that framework—strategic human capital management. The Senate can facilitate progress in these key management areas by confirming nominees who have the skills and abilities to help make these key reforms a reality.

Recognizing that the positions nominees may fill can range from the heads of major departments and agencies to program managers, we have attempted to order the questions in the first three categories from the general (more appropriate for agency heads) to the specific (more

appropriate for program managers). The final category—human capital management—is organized based on a five-part strategy discussed in our September 1999 report.¹

Realistically, there may be too many questions to expect each nominee to answer them all, and some questions may not be appropriate for all nominees. This does not detract from their usefulness because each Senate committee planning a confirmation hearing can decide which questions to include on the prehearing questionnaire, depending on the position to be confirmed and the amount of other information the committee may require the nominee to provide.

We believe that asking questions on selected leadership and management issues will send a strong message that the Senate considers such issues to be a priority for all nominees for senior agency positions. The questions can also help ensure that nominees have the requisite skills to deal effectively with the broad array of complex management challenges facing the federal government in the 21st century. In addition, if the Senate asks these questions as part of the confirmation process, then future Presidents may place added importance on ensuring that nominees have the requisite leadership and management experience for their positions before submitting their names to the Senate for confirmation.

As agreed with your office, unless you announce the contents of this report earlier, we plan no further distribution until 30 days after its issue date. At that time, we will send copies of the report to Senator Richard J. Durbin, Ranking Minority Member, Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia, and to Senator Fred Thompson, Chairman, and Senator Joseph Lieberman, Ranking Minority Member, Senate Committee on Government Affairs. We will also send copies to Jacob J. Lew, Director, Office of Management and Budget. In addition, we will make copies available to others upon request.

Key contributors to these questions were Nancy Kingsbury, J. Christopher Mihm, Al Stapleton, Stephen Altman, David Plocher, George Stalcup, Kevin Tansey, and Dennise Stickley of GAO. We would also like to acknowledge the important role of Pat McGinnis and principals and staff from the Council for Excellence in Government. The Council organized an extremely valuable and informative focus group involving over 20 of its principals to help us develop questions to ask nominees. We solicited further suggestions from a broad range of individuals with expertise in

¹ Human Capital: A Self-Assessment Checklist for Agency Leaders (GAO/GGD-99-179, September 1999).

public management issues. The following experts and organizations responded and offered insights and suggestions that we used in crafting the questions: Don Kettl from the University of Wisconsin, Susan Shaw and her colleagues from the National Treasury Employees Union, Mark Huddleston from the University of Delaware, Jo Anne Lillis and her colleagues from the American Society for Public Administration, and Virginia Thomas from the Heritage Foundation.

We recognize that the nomination and confirmation of agency leaders with appropriate management skills is only one step in transforming the cultures of federal agencies so that they become high performance organizations. We look forward to working with you and other Members of Congress and executive branch officials in this important work.

If you have any questions, please call J. Christopher Mihm or Al Stapleton on (202) 512-8676.

Sincerely yours,

A handwritten signature in black ink, appearing to read "D. M. Walker", followed by a horizontal line.

David M. Walker
Comptroller General
of the United States

Possible Questions on Key Management Issues

Results-Oriented Decisionmaking

Citizens are demanding improved government services and better stewardship of public resources. To respond to these demands, the federal government is adopting the following principles of performance-based management: (1) shifting the focus of government performance and accountability away from a preoccupation with activities, such as grants or inspections; (2) focusing on the results or outcomes of those activities, such as real gains in safety, health, and living standards; and (3) systematically integrating the results the government intends to achieve with organizational structures, budgets, program and service delivery strategies, the use of technology, and human capital strategies and practices.

The cornerstone of efforts to implement performance-based management is the adoption of a results orientation. However, because adopting a results orientation requires a cultural transformation, many agencies continue to struggle to implement performance-based management. Not surprisingly, since agencies are in the early years of undertaking the changes that performance-based management entails, progress across government has been uneven. To help speed this progress and its uniform adoption, the following questions have been developed to determine whether candidates have the skills and knowledge necessary to implement the basic tenets of performance-based management.

Possible Questions

1. During your tenure in this appointed position, what key performance goals do you want to accomplish, and how would this Committee know whether you have accomplished them?
2. To successfully lead an organization into the future, a leader must be able to create and share a vision that inspires people to follow. In your past experience, what specific steps have you taken to successfully create a vision for an organization, and how did you make sure that the entire organization had a common understanding of the mission and was aligned so that it could be accomplished?
3. Describe two or three tangible examples of instances where your personal leadership skills were essential in getting your employees to accomplish a challenging goal. How could those leadership abilities help you in the position for which you have been nominated?
4. Since the mid-1960s, there has been a general decline in the public's trust in government. A 1999 survey found that just 29 percent of Americans trust the federal government to do the right thing all or most of the time. This disconnect between the government and the

citizens it serves has constrained the government's ability to attract and retain qualified employees with the skills necessary to improve program performance. What skills do you have that could prove useful in trying to reverse this troubling trend, and describe instances where you used these skills effectively?

5. What characteristics do you believe a results-oriented leader and effective manager in the federal government must possess? Can you provide a self-assessment on each characteristic you cite?
6. The Government Performance and Results Act (GPRA) is intended to provide managers with a disciplined approach—developing a strategic plan, establishing annual goals, measuring performance, and reporting on the results—for improving performance and service quality, increasing customer satisfaction, and strengthening internal management. What are your views on this law and your experience with it, as well as your preliminary ideas on how this law might be implemented? What experiences have you had in supporting individuals or teams that analyzed root causes, developed solutions and set goals, as well as used data to measure and systematically improve program performance, service quality, and customer satisfaction?
7. Are you familiar with the strategic plan, annual performance plans, annual accountability report, and financial statements of your prospective agency? What do you consider to be the most important priorities and challenges facing the agency as it strives to achieve its goals? What changes, if any, do you feel might be necessary in these plans?
8. Virtually all the results that the federal government attempts to achieve are accomplished only if the efforts of a vast network of state and local government and private sector contractors and partners are effectively coordinated. For example, much of the federal government's domestic agenda—from mass transit to community mental health—is accomplished in part by providing grants and other technical assistance and support to state and local governments and third parties. Federal agencies, by working closely with their state and local partners, can instill performance-based approaches to managing intergovernmental programs that seek to maximize both results and state and local flexibility. Describe the skills and experience that you have that will prove helpful in developing and leading intergovernmental performance-based partnerships.

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9. What is your experience in working with Congress or other legislative bodies responsible for the authorization, funding, and oversight of government programs? Specifically, describe any experience you have in working on a bipartisan basis to identify statutory changes that can improve program efficiency and effectiveness, as well as in fostering and responding to legislative oversight.
 10. In the private sector, a company must be customer focused to survive. How important do you think a customer focus is for the public sector, and what would you do to make sure your agency identified its customers, understood their expectations, and established performance goals and measures to meet those expectations, consistent with other priorities?

Financial Management

Policymakers and program managers need high-quality financial information in making decisions affecting the budget, controlling costs, and measuring performance. This is key to successful, well managed, and results-oriented organizations, whether in the private sector or the government. Congress established improved financial information as a goal for major federal agencies when it passed the Chief Financial Officers Act of 1990 and other financial management improvement legislation.

To meet this goal, federal agencies need to have annual audited financial statements and financial management systems that support the systematic measurement of performance, cost accounting, and reporting. While agencies are making progress in producing annual financial reports and having them audited, several agencies continue to have major problems in doing so and in meeting legislative expectations for producing reliable, useful, and timely financial information for managing ongoing operations and holding managers accountable.

Another critical aspect of helping to better achieve agencies' missions and minimize operational problems is the implementation of appropriate internal controls that support management oversight. Internal controls provide an early warning about the extent to which employees are meeting their responsibilities for safeguarding assets and preventing and detecting errors and fraud. In short, internal controls help government program managers achieve desired results by supporting activities that ensure the effective stewardship of public resources.

The following questions are intended to elicit nominees' experience and ideas for using reliable and timely financial information to ensure adequate

accountability, manage for results, and make timely and well-informed judgments.

Possible Questions

11. What are your views on the importance and role of financial information in managing operations and holding managers accountable?
12. How would you address a situation in which you found that reliable, useful, and timely financial information was not routinely available for these purposes?
13. What is your background in using cost information to analyze the performance, manage the operation, and modify the activities of large and complex programs?
14. How would your experience in these areas be useful in effectively administering government programs?
15. What is your view on the importance and role of internal controls (i.e., management controls) in effectively meeting missions, goals, and objectives?

Information and
Technology
Management

The government is dependent on information management systems and networks to implement vital public services, including tax collection, national defense, and social benefits. However, GAO and agency Inspectors General have reported that federal agencies have wasted billions of dollars in developing systems and processes that are not cost effective, fail to deliver expected results, and provide sub-optimal solutions to agency's core mission and business needs. Perhaps more importantly, agencies are not taking full advantage of technology to help reengineer their key business processes or to explore opportunities to use techniques developed for e-business/e-commerce to make dramatic improvements in customer service and to drive down administrative costs. Finally, the vast majority of agencies have experienced difficulty in providing adequate security over their automated systems. As a result, most agencies may be vulnerable to unauthorized intrusions or service disruptions that threaten the integrity of their operations.

Congress has taken action to provide a legislative framework for improving agency information technology management, including the Paperwork Reduction Act, the Clinger-Cohen Act, and the Computer Security Act. Other legislation, such as the Government Paperwork

Elimination Act, was enacted to foster electronic submission and maintenance of information and the use of electronic signatures.

Most agencies, however, have not established the integrated set of management controls and processes necessary to support the effective use of information technology, as required by statute. These underpinnings, which include technical and business architectures, investment control processes, and life-cycle management controls, provide the structure and framework for effective information technology implementation. Without such a structure, individual agency information technology projects are more likely to flounder and fail to support other initiatives.

Possible Questions

16. Based on your experience, please explain the role technology should play in your agency to support mission needs. What measures would you implement to show the impact technology has in meeting these needs?
17. How would you determine whether your agency has in place the key information management processes required by law, including a detailed architecture (both business and technical), an investment control process, and computer security plans? What role do you envision you would play in managing or providing oversight over these processes? How would you go about implementing or improving these processes?
18. Based on your experience, how would you assess your core mission and business processes to identify opportunities for reengineering and for the enhanced use of technology? What challenges do you believe your agency may face in reengineering and using technology? In using e-government? In hiring and retaining qualified information technology professionals?

Human Capital
Management

The federal government employs a diverse and knowledge-based workforce, comprised of individuals with a broad spectrum of technical and program skills and institutional memory. They are the government's human capital, its greatest asset. Social, economic, and technological changes have become a constant in our society and our world. These changes inevitably affect the way government must do business and have made federal managers acutely aware of how much they rely on their human capital. To meet the changing environment, political appointees and other agency managers need to give human capital a higher priority than ever before and modernize their human capital policies and practices.

To be successful, political appointees need to grasp two principles that are central to the human capital idea. First, people are assets whose value can be enhanced through investment. As with any investment, the goal is to maximize value while managing risk. As the value of people increases, so does the performance capacity of the organization, and therefore its value to clients and other stakeholders. Second, an organization's human capital policies must be aligned to support the organization's "shared vision"—the mission, vision for the future, core values, goals, and strategies by which the organization has defined its direction and its expectations for itself and its people. All human capital policies and practices should be developed, implemented, and assessed by the standard of how well they help the organization pursue its shared vision.

The importance of managing people strategically and of maintaining a highly skilled and energized workforce that is empowered to focus on results is a lesson that is well-known in the private sector and among high-performing governments at the state and local levels and abroad. Here in the United States, quality management principles, such as those expounded by W. Edwards Deming, are at the heart of programs that recognize world-class organizational management, such as the Malcolm Baldrige National Quality Award Program in the private sector and the President's Quality Award Program in the federal government.

Using similar principles to assess their own "people management", federal agencies should assess the extent to which their approaches to managing human capital support their missions and goals. Agency leaders should examine five key areas--recognizing, however, that all aspects of human capital management are interrelated and should not be dealt with in isolation from one another.¹ These five parts of the human capital assessment framework are as follows:

- Strategic planning: Establish the agency's mission, vision for the future, core values, goals, and strategies.
- Organizational alignment: Integrate human capital strategies with the agency's core business practices.
- Leadership: Foster a committed leadership team and provide for reasonable continuity through succession planning.
- Talent: Recruit, hire, develop, and retain employees with the skills for mission accomplishment.

¹ For a fuller discussion, see Human Capital: A Self-Assessment Checklist for Agency Leaders (GAO/GGD-99-179, September 1999).

- Performance culture: Enable and motivate performance while ensuring accountability and fairness for all employees.

It is critical for agency leaders to align their agency's human capital management policies and practices with modern performance management principles, within the constraints imposed by current law. The following questions are intended to elicit nominees' experience and ideas for building, maintaining, and marshaling the human capital needed to achieve results.

Possible Questions

Strategic Planning

19. GPRA envisions that agencies will link their human capital planning with their strategic and annual plans. However, we found that most agency plans did not sufficiently address how human capital will be used to achieve results. Can you describe your experience in building and maintaining the human capital needed to achieve results (getting the right employees for the job and providing the training, structure, incentives, and accountability to work effectively)? More generally, describe your experience in integrating human capital considerations and planning into programmatic planning.

Organizational Alignment

20. Describe your experience in evaluating workforces (factors such as age, attrition rates, diversity, and skills imbalances) to identify the most challenging human capital issues, and discuss how you propose dealing with these issues in your agency over the next several years.
21. Agency leaders can use various methods to access human capital: hiring full-time career employees, hiring limited-term employees, and contracting for services. What experience do you have in using these methods to achieve your goals, and what are the advantages/disadvantages of each?

Leadership

22. If you have spoken with your predecessors—those who have held the position you now seek—about their “lessons learned” on how to manage the agency effectively, describe how their advice and experience has influenced your thinking and plans.
23. What key differences do you see in managing a public versus private sector organization (e.g., the code of government ethics)? Can you provide a self-assessment of your leadership capabilities for dealing effectively with those differences?

Talent

24. High-performance organizations draw on the strengths of employees at all levels and maintain honest two-way communications. Based on your experience, how would you assess your agency's capability for two-way communication, and what preliminary ideas do you have to promote such communication in your agency?

25. The federal government's workforce has undergone significant downsizing in the past several years, and with the current tight labor market, it is becoming increasingly difficult to attract and retain talent. How would you work, within current rules, to attract and retain individuals with the experience, education, and skills needed by your agency?

26. Numerous GAO reports have highlighted the need for agencies to expend more resources on effective training and professional development programs to better equip federal employees for the workplaces of the future. Based on your experience, what priority would you place on workplace development, and how would you emphasize continuous learning in your agency?

27. To what extent, if any, do you believe that federal employees' pay should be more closely tied to their agencies' strategic and annual performance goals, and why?

28. High-performance organizations have a performance culture that effectively involves and empowers employees to improve operational and program performance while ensuring accountability and fairness for all employees. In fostering a performance-oriented culture, agencies may focus on (1) working with unions to develop buy-in on goals and strategies, (2) providing the training that staff need to work effectively, and (3) devolving authority while focusing accountability on results. Describe the range of experiences you have had in using each of these strategies to instill a results orientation throughout an organization.

Performance Culture

29. To become a high-performance organization, an agency needs senior leaders who are drivers of continuous improvement. What is the best approach for motivating career employees, or any employees for that matter, to achieve excellence?

30. Political appointees who create and maintain constructive working relationships with civil servants, including members of federal unions, can improve employee morale, increase performance, and lower costs.

Appendix I
Possible Questions on Key Management Issues

Describe your specific experience involving "front line" employees in achieving results.

31. High-performance organizations maintain an environment characterized by inclusiveness and diversity of styles and personal backgrounds. Based on your experience, what is your vision for creating and maintaining this kind of workplace environment?

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